

# Committee on Resources

## Subcommittee on Fisheries Conservation, Wildlife and Oceans

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### Witness Statement

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**Written Statement of Ron Philemonoff,**

**Chairman and CEO of**

**Tanadgusix Corporation**

in Support of HR\_\_\_\_\_, Pribilof Islands Transition Act

Before the Subcommittee on Fisheries, Conservation, Wildlife and Oceans

Committee on Resources

Tanadgusix Corporation ("TDX") was formed pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601, *et seq.*), to function as the economic development arm of the Aleut Community of St. Paul Island, Alaska. TDX is the largest landowner on St. Paul and represents over 478 Adult shareholders, the vast majority of which reside year round on St. Paul Island. TDX appreciates the opportunity to submit this written statement in support of the oral testimony of Ron Philemonoff, its Chairman and Chief Executive Officer, at the hearings on H.R. \_\_\_\_, the Pribilof Islands Transition Act ("Act") to be held before the U.S. House of Representatives, Committee on Resources, on July 29, 1999. TDX supports the Act as the means to complete the Federal Government's withdrawal from the civil administration of the Pribilof Islands and foster the economic independence of the Aleut people. TDX' written statement will begin by responding to the questions raised by the House Committee on Resources in its July 6, 1999 correspondence and then continue with specific comments on the Act, including a detailed report on TDX' five year economic development priorities.

#### **I. TDX RESPONSE TO COMMITTEE QUESTIONS**

**Question 1:** *In addition to environmental clean up work required by the Two Party Agreement, what other environmental clean up work have you asked or do you intend to ask NOAA to complete?*

**Answer:** TDX has repeatedly requested NOAA to test, assess and replace underground heating oil tanks, asbestos and lead-based paint that were installed by NOAA in government housing and other buildings that were later transferred to TDX and local Aleut residents of St. Paul Island. With respect to the home heating oil tanks, spills from such tanks represent a serious public health hazard. Although the tanks themselves are exempt from regulation under State of Alaska underground storage tank laws, the individual home owners who inherited these deteriorating tanks from NOAA, can be held liable for the cost to assess and clean up contaminated soil from tank spills and leaks. Public Law 104-91 Section 3(a) states in pertinent part:

the Secretary of Commerce shall . . . clean up . . . storage tanks, property, hazardous or unsafe conditions, and contaminants, including petroleum products and their derivatives, left by NOAA on lands which it and its predecessor agencies abandoned, quitclaimed or otherwise transferred or are obligated to transfer, to local entities or residents on the Pribilof Islands, Alaska pursuant to the Fur Seal Act of 1966, as amended, or other applicable law.

Yet, despite this clear mandate NOAA refuses to address home heating oil tanks, asbestos or lead-based paint in former government buildings, stating that its obligations under PL 104-91 extend only to the land itself and not to any improvements NOAA may have constructed or installed on such lands! NOAA must be held accountable for replacing such tanks, cleaning up the contaminated soil and assessing, testing and replacing asbestos and lead-based paint in all former government housing and buildings on St. Paul Island.

TDX has also repeatedly requested NOAA to clean up the Telegraph Hill Borrow Pit waste oil drum dump site on St. Paul Island. Due to NOAA's past exclusive control of the Island, the State of Alaska has named NOAA as a potentially responsible party; the State wants NOAA to test, assess, remove and remediate potential soil and groundwater contamination associated with multiple leaking waste oil drums that were removed from other parts of the Island and buried in the Telegraph Hill borrow pit as part of a previous Department of Defense ("DOD") clean up effort. NOAA refuses to take any action to clean up the site, insisting that such site is DOD's problem. The proximity of such site to the watershed for the Island aquifer and public drinking water wells, gives it the highest priority for testing and clean up. Congress appropriated over \$10,000,000 for NOAA's clean up of the Pribilof Islands under PL 104-91. The Telegraph Hill site is included in the Two Party Agreement. DOD claims that it has completed all of its responsibilities at the site and has no funds to address further work with respect to the site. Therefore, Congress should direct NOAA to take responsibility for the Telegraph Hill waste oil drum dump site and clean it up.

Finally, TDX has requested NOAA to remove surface debris from behind the NOAA Staff quarters on Tract 44 in the vicinity of Salt Lagoon. Once such debris is removed, NOAA should test and assess such site to ensure that no residual contamination remains.

**Question 2:** *What Federal funds has TDX received since 1983: 1) from the Pribilof Island Trust Fund; 2) for subsistence; 3) to upgrade, repair or replace facilities or equipment formerly owned by the Federal Government; 4) for economic development and facilities construction; and 5) to plan, design and construct harbors or harbor-related facilities?*

**Answer:** TDX received only one \$200,000 grant from the Pribilof Islands Trust Fund to demolish the dangerously deteriorated NOAA Fur Seal Byproducts Plant, including proper disposal of friable asbestos. TDX has received no federal funds from any of the other listed sources since 1983.

**Question 3:** *What expenditures has TDX made to: 1) upgrade, repair or replace facilities or equipment formerly owned by the Federal Government; and 2) plan, design and construct harbors or harbor related facilities?*

**Answer:** Since 1983, TDX has spent over 5.25 million dollars of its private funds on renovations to former government buildings and harbor improvements, as follows: (a) \$448,735 to convert the former NOAA bunk house into the King Eider Hotel; (b) \$217,000 to upgrade the former federal dormitory for use as lodging and office facilities; and (c) \$4,586,461 to replace the existing Federal dock at West Landing and dredge portions of Village Cove Harbor. TDX and its development partners have collectively spent in excess of 30

million dollars on the following: (a) refurbishing of former federal buildings for use as a seafood processing plant, (b) construction of a new shore-based processing plant, (c) installation of mooring dolphins for a floating processor, (d) construction of seafood processing waste outfall lines; and (e) replacement of federal bulk fuel facilities.

**Question 4:** *Which of your claims result directly from the failure to build a harbor in a timely manner and the need to upgrade, repair or replace facilities and equipment formerly owned by the Federal Government?*

**Answer:** TDX has asserted claims for over 5.25 million dollars in expenditures made to upgrade, repair or replace the former federal facilities described in its answer to question 3, above. TDX also claims in excess of 20 million dollars in lost development opportunities that were directly related to the failure to build a harbor on St. Paul Island in a timely manner. For example, two of TDX' initial development partners went out of business. Both of them had executed long term leases with TDX to build and operate shore-based processing plants. In each case financial ruin was the direct result of delays in the construction of the breakwater and public dock which prevented such processors from accessing the harbor.

## **II. TDX' COMMENTS ON THE PRIBILOF ISLANDS TRANSITION ACT**

TDX supports the Act as a viable means to complete the Federal Government's withdrawal from the civil administration of the Pribilof Islands. The time has come to end Federal oversight of the Aleut people through a final financial assistance package that will empower local decision making on economic development issues. The Act will complete the transition, begun over 16 years ago in the Fur Seal Act amendments of 1983, to a stable, self-sufficient, enduring and diversified economy on the Pribilof Islands not dependent on sealing.

However, to effect its purpose the Act cannot, and must not, be structured as a Federal grant program that requires extensive oversight by the Secretary of Commerce and/or NOAA into local economic affairs. Over and over again, in report after report to Congress, the primary cure for the problems of rural Alaska Natives has been described as the need to "break the chain" of Native dependency on the Federal Government. How can the Aleut people of the Pribilof Islands ever obtain economic independence if the Act gives power to the Secretary or NOAA to decide what projects will be funded through Federal grants and what projects will not?

The Act should also allocate 60% of the financial assistance funds to St. Paul Island and 40% to St. George Island, based on historical allocations relative population and infrastructure redevelopment needs. Allocating funds between the Islands avoids placing the Secretary or Commerce or NOAA in the uncomfortable position of deciding between the two communities and alleviates potential charges of unfairness or favoritism.

Economic development decisions must be made by the local community for itself. The Act must be restructured to provide direct funding allocations to the Cities, Village Corporations and Tribal Governments of each Island. We, the entities of the Pribilof Islands, have learned a lot from our successes and failures over the last 16 years. We urge Congress to put our economic future into our own hands through the direct allocation of economic development funds to local entities under the Act.

The bulk of this statement contains a detailed description of TDX' innovative five year economic development strategy for St. Paul Island. TDX is dedicated to bringing diversity and long term stable

employment to the local community. And TDX is not afraid to "put its money where its mouth is" to make the dream of a stable economy on St. Paul Island come true.

In our native Aleut language there are seven words for "wind." TDX believes that wind generated power is the key to our economic future. Last year TDX completed construction of a million dollar hybrid wind generation power system that holds the potential to cut the cost of electricity on St. Paul Island in half. Cheap electricity and waste heat from the wind/diesel generators can be used for exciting new projects such as a hydroponic green house adjacent the St. Paul airport. Imagine the possibility of fresh produce in the middle of winter, in the center of the Bering Sea with ready access via air transportation to markets throughout southwest Alaska and the Aleutian chain! These are just a few of the innovative economic development ideas that the Act will assist us to bring into reality.

In the past 16 years the Pribilof Aleuts have come a long way and our economic goals are now in sight. But the transition from a Federally subsidized economy to a free enterprise economy is not yet complete. We need the help of the Federal Government this final time. The Federal Government left us with outworn and dilapidated buildings, extensive environmental pollution and inadequate facilities and infrastructure with which to build a private enterprise economy. Environmental clean up and community redevelopment must go hand in hand with our most innovative economic plans.

But TDX' projects speak for themselves. The following is a summary of the TDX Five Year Economic Development Strategy for St. Paul Island. We are proud of our master plan and believe it conclusively demonstrates that the amount of funds we are requesting under the Act is reasonable and will be put to good use fulfilling the trust responsibility owed by the Federal Government to assist the Aleut people of St. Paul Island to establish a stable economy.

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### **III. TDX FIVE YEAR ECONOMIC DEVELOPMENT STRATEGY**

This statement of capital development priorities describes, in a brief narrative format, TDX' five year capital development plan for St. Paul Island and the financial mechanisms for implementation. The plan strives to provide the maximum economic and social benefits to the Aleut people of St. Paul Island, including the development of desirable employment opportunities, while insuring the scale of development is acceptable from a social and cultural point of view on St. Paul Island.

The capital improvements outlined are those considered to be the most likely to provide self sustaining economic development and diversification. The plan focuses on the most likely near term economic growth potential anticipated within the presently developed community, and new commercial development at St. Paul Airport.

Within the community, the largest industry as well as the industry with greatest growth potential is commercial fish processing. In 1998 alone, the quota for opilio crab almost doubled the previous year. This shore based industry is just beginning to serve the vast potential of the Bering Sea's halibut, sole and cod fisheries. It is anticipated that the two major processors, Trident Seafoods and Icicle Seafoods, will continue to expand their production as their operating space becomes more efficient and additional harbor space is developed for expansion. TDX places a high priority on projects to redevelop the old commercial fur sealing industrial site and expansion of the harbor to support the growth of the fishing industry.

TDX began supporting development at the airport when it took ownership responsibility of the area known as the POSS camp, a collection of facilities built during the early 1980's to support oil exploration in the Bering Sea. After oil exploration was abandoned, the facilities were deeded to the Corporation. TDX has converted a portion of the facilities to support airline and cargo needs and recently completed a hybrid, 500 kW wind generation system to support present facilities as well as future growth at the airport. The airport has both the land and the basic infrastructure needed to become the most likely location for non-marine based commercial development. TDX has undertaken a master development plan which will more fully utilize the existing POSS camp facilities and provide new facilities that will create new jobs and economic diversification for the community.

The projects which follow are subdivided into two general categories.

#### Redevelopment of NOAA Infrastructure

Government House Restorations

Renovation of Fur Sealing Warehouses

Redevelopment of Tract 41 Waterfront Area

Replacement of the old government bunk house

#### Diversified Economic Development

Construction of a Commercial Hydroponic Greenhouse

Construction of a Natural History/Lodging Center

Replacement of the Sewage Treatment Plant.

## **PART A: REDEVELOPMENT OF NOAA INFRASTRUCTURE**

Most of the buildings in the west section of St. Paul, adjacent to the harbor, were constructed during the period of occupation by the Department of the Treasury, later the United States Bureau of Fisheries and finally the National Oceanic and Atmospheric Agency (NOAA). Few were modernized and when transferred to the community in 1983, most were incapable of supporting a commercial use. Without the means to make necessary renovations of these buildings, many have deteriorated to a level where they are unsafe for occupancy and have been boarded shut.

Individual homes have been continuously occupied by residents and have slowly been improved. The old government buildings, particularly those used for the fur sealing industry, have remained in a state of disrepair. Development of the harbor and the resulting major advancement of the fish processing industry has increased the pressure to either repair or replace these buildings. There is no room for expansion in this section of the community and it is the only land with the potential for supporting harbor activities.

While the west section of St. Paul is important for harbor development, there are also buildings which should be preserved for their historical value. Facilities such as the Russian Orthodox Church and Government House, which was the residence of the top government official, are all extremely important for the history they play in the development of St. Paul.

TDX is strongly committed to maximizing both economic and social benefits to the community of St. Paul. Many of the buildings transferred to TDX after the 1983 Amendments to the Fur Seal Act were only marginally useable and have deteriorated with time. TDX places a high priority on restoring Government House so it can be used as a location to display the culture of the Aleut people and their background. Such use will also support TDX's summer Island tour program. TDX further, intends to renovate harbor support facilities and make improvements to the harbor which will encourage fisheries development in an appropriate manner to support year around seafood processing.

### **1. GOVERNMENT HOUSE RESTORATION**

With annexation of Alaska in 1867, the United States government took control of all sealing operations on the Pribilof Islands. In 1870 Congress enacted legislation instructing the Secretary of the Treasury to grant an exclusive private lease to carry out the government's sealing operations in the islands. The Secretary awarded a 20 year lease to the Alaska Commercial Company and the Treasury Department administered the islands from Washington, D.C. The United States sent Treasury Department agents to the Islands to manage both the seals and the Aleut people on whose labor the seal industry depended. Its field agents in the Pribilofs were directly responsible to the Secretary of the Treasury. Staff on the islands included an agent in charge and three assistant agents. The agent in charge was responsible for supervising the others, as well as administering all public affairs in St. Paul.

Government House, constructed for use as the headquarters and living units for the government workers, special agents and assistant special agents was built in the 1870's and reconstructed in 1932.

The building is located next door to the Russian Orthodox Church (see below). The Aleutian Pribilof Heritage Group, Inc. is committed to restoration of the church. Aleut WWII Reparation funds have been appropriated for the restoration and the design will begin during the summer of 1999.

Government House was surveyed by the National Park Service in 1988 as a National Historic Landmark. It

was considered by the Park Service to be the most prominent building in the administrative center of the St. Paul unit of the Seal Island Historic District. The landscape character remains much the way it was when first constructed. The exterior of Government House has received little maintenance and is badly in need of repair. The exterior appearance has changed little from construction and the opportunity to restore or rehabilitate still exists. Major tasks include re-roofing, restoration of windows and doors, re-siding and repainting.

The living portions of Government House are currently used for apartments although the building is in such poor condition that this use is considered temporary. The building will be modified to become a cultural center available for public use. Cultural artwork will be on display as well as historical documents from the fur sealing era. The Corporation intends to make the building a part of the summer Island tour program which it now operates.

Estimated Cost: \$1,000,000-\$1,500,000

## **2. SEALING WAREHOUSE RENOVATIONS**

All of the warehouses used to store the annual fur seal harvest were built between 1910 and 1935, during the era of island control by the Bureau of Fisheries. Although some improvements were made to the buildings during this period, most were uninhabitable when they were transferred to TDX Corporation in the 1970's. TDX has attempted to restore portions of the buildings for temporary storage and warehousing. However major mechanical, electrical and life/safety issues have prevented all but the most temporary use of the buildings.

Completion of the breakwater and development of fish processing facilities have intensified the need to renovate the warehouses. The area they are located in must be made available for immediate support of the processing industry. Returning these facilities either to a useable state or, if they have deteriorated beyond a useful state, replacing them, is of vital importance to further development of the harbor area and the fishing industry.

This project would initially provide for a building assessment to determine the overall best method of repair or replacement. Buildings which can be salvaged will be upgraded to provide necessary cold storage and fish processing support. Buildings considered beyond repair will be removed from the site to make way for critically needed open storage.

Estimated Cost: \$4,000,000

## **3. REDEVELOPMENT OF TRACT 41 WATERFRONT AREA**

The completion of the breakwater in St. Paul in the 1980's ushered in the development of a fish processing industry, allowing, for the first time, the harvest of the rich Bering Sea fishery. Three major processors now operate at St. Paul. Due to limited improvements to the waterfront however, Trident Seafoods, with TDX' financial support, has been the only processor able to develop permanent facilities. The other two, Unisea Seafoods and Icicle Seafoods use processing ships that are semi-permanently anchored along the shoreline. The volume they can produce is limited both by the ability to service fishing boats and by their confined processing facilities.

This project will more than double the size of the improved waterfront area and will increase the St. Paul

processing capability by over 50% of the current capacity. Completion of this project and the development of land based processing plants will substantially increase the number of jobs opportunities in the community.

TDX leases the tidelands adjacent Tract 41. Such tidelands are the only area adjacent the shoreline of sufficient depth to allow fishing boats to tie off (see sketch). Tract 41 is critically situated for development on the south shore of the Port of St. Paul adjacent to the commercial center of the community.

The project will consist of dredging to a depth of 15'. It will also extend the TDX wharf approximately 600' to the east of its present location and will include mooring dolphins for vessel tying off during fish transfers.

Estimated Cost: \$4,000,000

#### **4. BUNKHOUSE REPLACEMENT**

The bunkhouse was built by the Federal Government in the 1930's. It was used to house Native workers brought to the Pribilof's from other communities during the seal harvests. It is a 3 story wood frame structure with 28 rooms. The rooms share common single bathrooms located on each floor. It was in only marginal condition when it was transferred to TDX Corporation in 1983. TDX remodeled the interior and reestablished the building as the King Eider Hotel which it has operated since 1989.

The King Eider Hotel is the only lodging facility in St. Paul and has provided the needed infrastructure to develop the community's tourism industry. The average profile of the Pribilof Island visitor is well educated, generally with a naturalist background. Due to the expense of travel to the Pribilof's, most visitors are seasoned travelers and have an age profile in the 45 to 70 bracket. While visitors to the Island seek the opportunity to view the seal rookeries, bird rookeries, and unique wild flowers, most are unprepared for the Island's harsh climate. Warm, comfortable indoor facilities where visitors can spend a good portion of their off touring time is a key factor to the success of the tour. Customer questionnaires returned to TDX consistently cite the absence of adequate facilities as the major negative complaint.

The repairs TDX made to the former Federal bunkhouse, while they have provided a level of comfort which did not exist when it served as a bunkhouse, were only cosmetic in nature. TDX has performed an assessment of what would be required for renovation. The assessment indicates that serious structural deficiencies exist in the building. Both the foundation and the roof need replacement or the building will be lost. Because the building is un-insulated it costs \$50,000 each year for TDX to heat it. To modernize the structure, all rooms would need to be renovated to include bathrooms, and mechanical and electrical systems need replacement. The assessment concludes that the cost of replacing the facility is much more practical than renovation.

Neither the King Eider Hotel nor the local community can support facilities for feeding tour groups. Food is provided by agreement with one of the fish processors, in their galley. While meals are wholesome, the experience is less than satisfactory for tour programs and there is no guarantee that the fish processing plant will provide this service on a long term basis. The replacement facility must therefore include complete food services.

TDX intends to solve this major problem by developing a new lodging facility located near the airport. TDX has developed a plan for combining the replacement structure with a natural history complex. For a more complete description of this facility, see the *Airport Lodging and Natural History/Education Center* in part



B. This replacement project will be unique in that it will take advantage of TDX's wind generation system to fully heat and electrify the building.

Recommended replacement of the King Eider Hotel will include 36-40 rooms and cafeteria capable of serving guests and the Island community.

Estimated Cost: \$3,200,000.

## **PART B: DIVERSIFIED ECONOMIC DEVELOPMENT**

In 1998 TDX initiated a major development plan aimed at making St. Paul airport the land based commercial center in the Pribilof Islands. TDX completed a new wind generation power system capable of providing both the required electrical energy and heat to support all facilities at the airport. The completion of the project at a reasonable cost not only makes commercial development at the airport practical but presents a unique opportunity to demonstrate this important alternative energy resource. The strategic reasons for development at the airport are clear:

- • Limited space within the community of St. Paul must be preserved for the growth of the fisheries industry
- • St. Paul airport is inland, away from the environmentally sensitive areas of the island.
- • The airport is capable of jet cargo activity making it a logical center for distribution of products to markets.
- • The airport is 3 miles from the community of St. Paul and is served by an all weather, recently improved highway, water, on-site sewer, and power (currently provided by TDX's hybrid wind/diesel power plant.
- • Existing facilities include 80,000 square feet of warehousing and office space known as the POSS camp. This facility was originally constructed as a base for oil exploration in the Bering Sea and is now owned by TDX.

TDX invested over a million dollars in the hybrid, wind/diesel power system designed to not only supply power but to provide heat to the POSS Camp and all other airport facilities. The system is capable of initially supplying up to 500 KW of energy and can be expanded by adding wind turbines. Based on NOAA wind records, the system is capable of reducing the cost of energy from the current 35¢./KWH to less than

15¢./KWH.

The power generation system is gaining National attention. It is the only computerized stand-alone system in the world capable of providing clean, useable power without the aid of a motor generator or back-up batteries. The system operates successfully because of St. Paul's strong, steady winds, and a unique configuration of supporting software and hardware that conditions the raw power from the wind turbine to high quality AC power. TDX hopes that by demonstrating the capabilities of the system through projects of economic importance to the community, other communities in Alaska with similar wind characteristics will take advantage of this cost saving technology.

## **1. COMMERCIAL HYDROPONIC GREENHOUSE**

Following completion of the wind generated power system, TDX created a master plan to guide the development of the facilities most likely to provide long term economic returns at the airport. With the exodus of Bering Sea oil exploration, TDX was left with a facility of almost 80,000 sf. and little identified need. As an empty shell, it was considered a liability to the Corporation. For a time, it appeared the facility would be leased by a surimi fish processor, but this interest vanished despite substantial tenant improvements.

Development of a hydroponic greenhouse within the hanger and warehousing portion of the POSS camp has been identified as the most promising venture. While St. Paul winds are severe, temperatures are relatively moderate throughout the year. With inexpensive power, supplied by the wind, the prospect of raising and harvesting produce for local as well as export consumption has great potential.

The concept has shown such merit that a feasibility study has recently been funded by the Alaska Science and Technology Foundation. The results of this study should be available by September, 1999. Preliminary information gathered for the study has produced the following facts:

- •The local market consists of the local community, the Bering Sea fishing fleet and the processing industry of St. Paul Island which employs a seasonal workforce larger than the permanent population of St. Paul.
- •The transportation network is in place right now to economically supply product to much of Southwest Alaska and the Aleutian Chain as back haul freight.
- •A favorable contract for hauling freight on existing aircraft back-hauling to Anchorage could economically compete with markets for produce outside of the State.

To compete commercially, the facility needs to be a minimum of 30,000-35,000 sf. and be capable of providing about 1 million pounds of product annually. Climate in St. Paul dictates that the facility be a 100% artificially lighted, controlled environment facility operating on a year around basis. A 100% electrically lighted facility is assumed because significant amounts of added light would be required for much of the year to produce year around and absolute control of light produces a factory type of control in

production. Experience has shown that a facility utilizing natural light supplemented by electrical lighting can be higher in cost than a design for a single artificial lighting system.

Hydroponic production eliminating soil as a growing medium enables a highly intensive culture of crop plants, leading to a high productivity in minimal space. Hydroponic production also eliminates the need for pesticides, resulting in high quality, environmentally friendly production which yields a premium price.

Relying on wind generated electrical power to both heat and light a major commercial greenhouse has never been attempted before anywhere else in the world. It is possible only because of the high percentage of time year around in St. Paul when there is reliable wind power. TDX intends to complete a detailed testing period to determine whether the cost of providing auxiliary diesel generated power outweighs the price paid for less than optimal crop production. The program will provide an invaluable database for the development of future crop production using alternative energy sources

TDX intends to commit a significant portion of the POSS camp, worth over \$7,500,000, to the production facility. TDX believes crop production will pay operating costs and eventually make a profit with a successful marketing program.

#### Construction Costs:

Additional wind generators \$2,000,000

Building Renovation 500,000

Production & Environmental Control 3,100,000

Packaging/Office/Start Up 250,000

Design/Architectural 750,000

Contingency 400,000

**Total \$7,000,000**

Because of the risk associated with an untried venture TDX is seeking grant funds for initial construction of the facility.

## **2. AIRPORT LODGING AND NATURAL HISTORY/EDUCATION CENTER**

For the past ten years, TDX has provided the only means for the world to experience the unique environmental beauty of the Islands by first developing, and then implementing a complete tour program for the Pribilof Islands. However, because of the Island's limited facilities, the business has operated at less than a break-even basis. TDX continues to support the program because it provides local job opportunities and because it is the only manageable way to control and minimize the impact summer visitors have on the sensitive Island environment.

This proposal will be combined with the replacement of the old bunkhouse (King Eider Hotel) replacement described in Part A, Section 4. The lodging facility and the Natural History/Education Center will be constructed as a single composite structure so visitors will have immediate access to the educational

facilities during their entire stay on the Island.

This project will be developed as another demonstration of the TDX's unique wind generation system and a portion of the Natural History center will be dedicated to renewable energy. The wind generation system will totally heat and provide electrical power for the facility. In conjunction with the construction of the facility, TDX intends to seek grants from the National Audubon Society, the Alaska Fisheries Development Foundation, and the Fish & Wildlife Service to create the displays in each of the center's segments. These will consist of an Audubon Resource Center, a Marine Resource Center, and a Natural History Resource Center. A library/lecture room will complete the Center, offering a location for tour descriptions throughout the visitor's stay on the island. The facility will also be available as a conference and research center for business and government use throughout the year.

Overnight accommodations will include 36-40 rooms to replace the King Eider Hotel. The facility will include a cafeteria to serve guests and Island residents.

Project Cost: \$1,500,000

### **SEWAGE TREATMENT PLANT REPLACEMENT**

TDX provides sewage treatment to the POSS camp using the plant built for oil exploration in the early 1980's. The system is grossly over-designed for the uses anticipated in the current master development plan and TDX operates the system at a cost far in excess of need.

The POSS camp was relocated in total from a North Slope oil development site. The camp was designed for the complete lodging requirements of 128 people. The sewage disposal system was specifically designed for the extreme weather conditions on the North Slope and because of that, it is a fully self contained disposal system which must be operated in a heated building. The sewage digesters and clarifiers are designed to retain the effluent in a heated structure until it is fully clarified and the bacterial level has been reduced to a level suitable for discharge directly into a watershed. This solution was a necessity on the North Slope but is very expensive and inefficient in the more moderate climate of St. Paul. Due to the fact that there are no bodies of water at the POSS camp, an outside sewage lagoon was added to the system to retain the effluent an additional period before it is released to surrounding soils. The building also shelters a 10,000 gallon water tank which provides a back-up supply for fire fighting. The building selected to enclose the plant is an un-insulated metal warehouse structure. In all likelihood, its original use was for cold storage. The building was in much worse condition than other buildings relocated from the Slope. When it was reconstructed, many of the panels were misaligned and it has many cracks and openings allowing heat to escape to the exterior.

This project replaces the plant with a series of small underground tanks which will be heated by coils of excess hot water derived from the unused power of the wind generator system. The introduction of a small amount of heat will increase bacterial digestion will speed the clarification of the liquids. The system will be designed to meet current needs as well as the uses proposed in the master development plan.

A sewer line will also be constructed to collect effluent from all airport facilities on the west side of the airport. . The sewer line will flow to a primary, two compartment, underground digestion tank where heat will be introduced to speed bacterial action. The second retention tank will hold effluent an additional period of time where the clarification process will continue. Clarified effluent will then flow to the existing lagoon for final retention and aeration. Also TDX will replace the old fresh water storage tank with a properly sized

tank.

Project Cost: \$800,000

#### **IV. CONCLUSION**

In conclusion, for all of the foregoing reasons TDX urges the House Committee on Resources to support a revised format for the Pribilof Islands Transition Act that provides for a 60/40 division of funds between the Islands and directly allocates economic development funds to the Cities, Village Corporations and Tribal Governments of each of the Pribilof Islands. It is time to end Aleut dependency on the Federal Government and put the economic future of the Pribilof Islands into the hands of the local community.

On Behalf of TDX, Thank you for the opportunity to submit this written statement in support of H.R. \_\_\_\_, the Pribilof Islands Transition Act.

TANADGUSIX CORPORATION, an Alaska corporation

Ron Philemonoff, Chairman and

Chief Executive Officer

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